

San Diego Gas & Electric

Diverse Business Enterprises
Yan Fei, Supplier Diversity Advisor

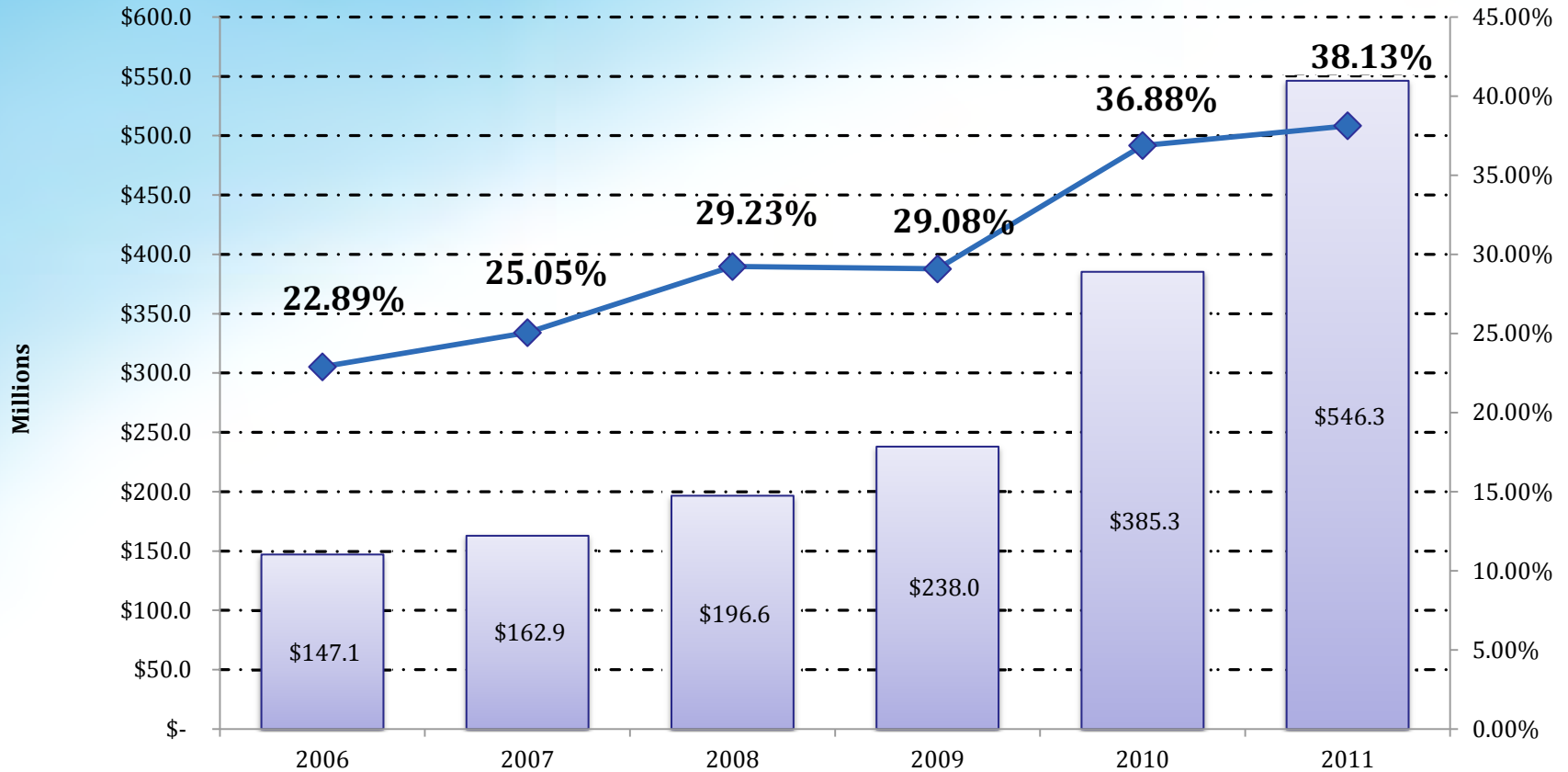


Supplier Diversity Commitment

- **General Order (GO) 156**
 - Adopted by the California Public Utilities Commission in 1986
 - Promote greater competition among utility suppliers by expanding the available supplier base and to encourage greater economic opportunity for women, minority, and disabled veteran owned businesses historically left out of utility procurement
- **Fast Forward to 2012 at SDG&E**
 - “Advancing supplier diversity is more than just a priority for San Diego Gas & Electric® (SDG&E®); it’s become part of our company’s DNA.”
– *Jessie Knight, CEO, SDG&E*
 - Supplier diversity goals are part of our compensation goals
 - **38%** of our procurement dollars in 2011 went to diverse business enterprises (DBEs)

DBE Historical Overview

No. 1 in DBE Spending in CA Electric Utilities



An Integrated Approach for Supplier Diversity

- Understand sourcing needs
- Set annual DBE targets
- Tools to manage & monitor DBE performance
- Refer DBE suppliers

Internal
Client
Departments

- RFIs & RFPs need to include DBE plan and target
- Introduce DBEs to primes
- Regular review of DBE subcontracting performance/targets

Internal
Supply
Management

External
DBE Suppliers

- Provide opportunities to meet internal clients and prime suppliers
- Provide technical assistance, development and mentoring

External
Community
Based
Organizations
& Chambers

- Identify qualified DBEs
- Sponsor development and networking sessions
- Cross referrals from other corporations

What We Look for in a Supplier

- Company Knowledge
- Strong record and commitment to **safety**
- Demonstrated high **quality** work and performance; appropriate licensing and insurance; and high **reliability** & responsiveness
- Competitive **pricing**
- Provides additional value through **special expertise, innovative** approach, etc...
- Commitment to **diversity** (directly and/or indirectly)
- Commitment to **environmental** sustainability
- A strong understanding and **compliance** with applicable regulations

Services & Materials

We're looking for Diverse Business Enterprises in the following areas:

- Advertising & Media Services
- Air/Ground Transportation
- Consulting Services
- Electric and Gas Commodities
- Electric Construction & Operations
- Energy Efficiency
- Engineering
- Environmental
- Facility Construction & Maintenance
- Financial
- Gas Construction & Operations
- IT/Telecom
- Legal
- Logistics
- Renewable Energy Solutions
- Smart Grid Deployment Services

Contracting Process

- All spend \$10K, require a contract. Can be sole sourced.
- Spend above \$75K, normally requires Request for Proposals (RFP)
- Typical Contracting Process
 - Each year, sourcing needs are identified
 - Request for product or services from internal departments will go to Supply Management (SM)
 - Project scope, timeline, budget is discussed and developed
 - Supplier list is developed between internal departments, SM and DBE departments
 - RFI may be issued to develop short list
 - RFP will be issued using online system
 - RFP bids are received and evaluated by cross functional team (DBE spend is a criteria for each bid)
 - Contract negotiation, execution and monitoring

Doing Business as a DBE with Sempra Energy utilities



- Register** on Diverse Business Enterprise web site and make sure applicable certification is current <http://www.suppliernetwork.net/CPUC/>
- Get to know the SDG&E **Diverse Business Enterprise Advisor** and make sure they know your business ... provide your website
- Differentiate** yourself, provide solutions and focus on your area of expertise ... shotgun approach rarely work
- Sharpen your pencil** ... price is always important
- Look for **subcontracting** opportunities to work with primes
- Be patient, persistent and constructive**

Supplier Development Programs

- **Technical Assistance (three-tiered approach)**
 - Tier 1
 - Suppliers in business < 3 years and < \$1 million in revenue
 - Offered through Community Based Organization, Community Colleges, and Small Business Development Centers
 - Tier 2
 - Suppliers in business 3+ years and \$1+ million in revenue
 - Offered through UCLA, SDSU, USD, UC Universities
 - Tier 3
 - Suppliers in business 5+ years
 - Targeted at proven DBEs with expansion plans into international markets and interests in emerging technologies

Supplier Development Programs

- Capacity Building
 - SCORE program – focus on new supplier relationships
 - Small Contractor Opportunity Realization Effort (SCORE)
 - Direct sourcing for opportunities \$75,000 or less
 - Networking with contract delegates
 - Technical assistance “bootcamps”
 - Topics include: Marketing strategies, business plans, capital access, financial overview, licensing, insurance and bonding, union requirements, operator qualifications, RFP walk through, etc.
 - Matchmaking
 - Supplier with internal clients, supply management, DBE advisor
 - Supplier to supplier; Supplier to other Fortune 500
 - Mentoring
 - Assign DBE advisor to provide feedback on proposals (but not releasing competitor pricing), websites and general business

2011 Annual Report & 2012 Annual Plan

To learn more about our Supplier Diversity Efforts, 2011 Results, and 2012 Plan:

<http://sempra.com/about/supplier-diversity/>

To register your vendor:

<https://vendorrelations.sempra.com/>

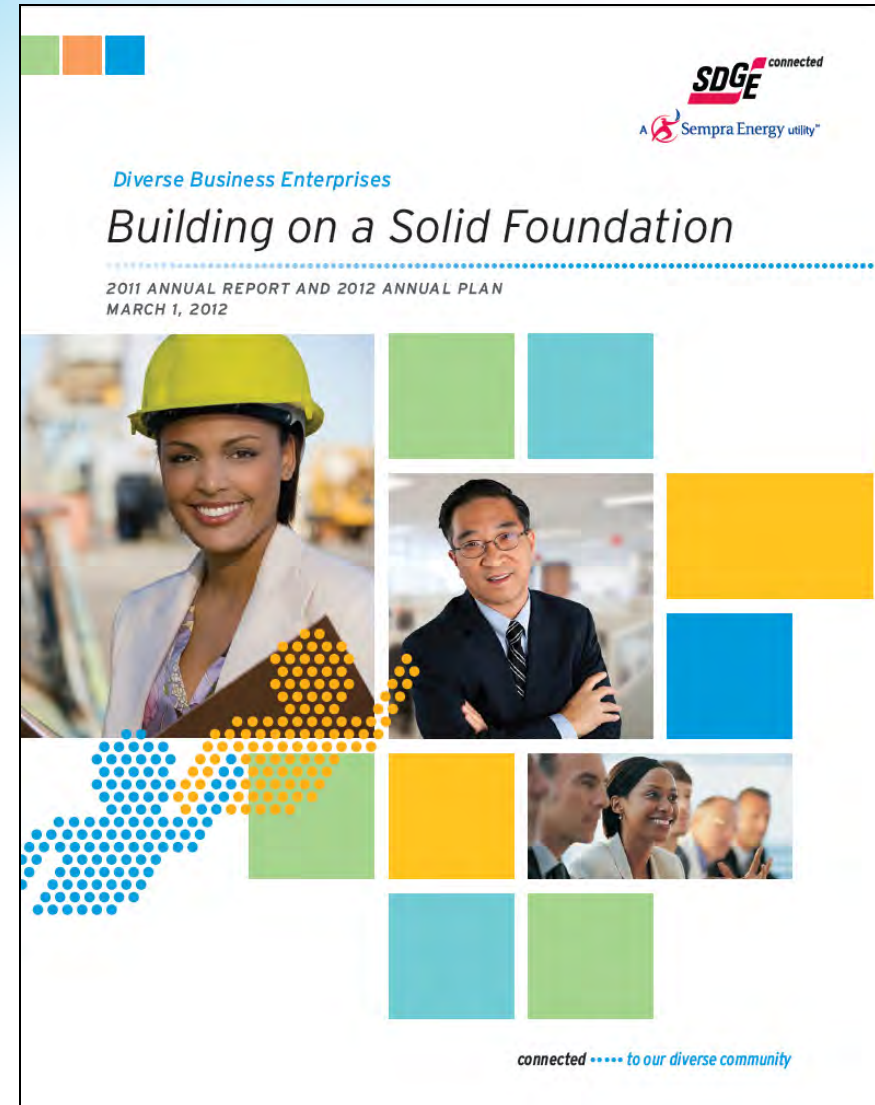
To learn more about the DBE Certification:

MBE/WBE:

<http://www.suppliernetwork.net/CPUC/>

DVBE:

www.getcertified.dgs.ca.gov/



Questions and Answers

